



THE NETWORK



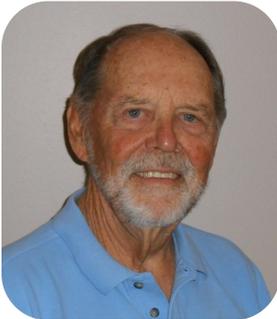
March 2020

Honoring Yesterday—Protecting Tomorrow

Vol. 51, No. 3

PRESIDENT'S MESSAGE

By Stan Coombs



During January, the UnitedHealth Group announced completion of a study showing that older folks who sign up for Medicare Advantage spend 40% less out-of-pocket for health care than those who sign up for fee-for-service health plans. The impeachment trial of President Donald J. Trump began, and then ended in February almost anticlimactically. And a panel of Justices

ruled 2 to 1 not to speed up the Supreme Court's review of a Texas Superior Court ruling that essentially struck down Obamacare, and potentially, coverage of pre-existing conditions.

Which of those rings your bell the loudest probably depends on your health and financial situation, your persuasion and your tolerance for stress.

This March edition of *THE NETWORK* comments on two important annual financial reports from our retirement system. Chris Heiserman explores the workings of retirement COLAs nationally in his Pension Facts column, a timely subject given that our own retirement COLA comes into play in only two months. And we're glad to remind you of the next popular RESDC Coming Home Event, scheduled at the County Registrar of Voters, at the County Operations Center, on April 14th. Don't miss it!

At RESDC we've had the chance to briefly review SDCERA's 2019 Comprehensive Annual Financial Report (CAFR) and 2019 Actuarial Valuation and Review, both of which were released in mid-December. The CAFR was produced by SDCERA staff, and the Valuation by Segal

Consulting.

One classic text describes CAFRs as ". . . a set of U.S. government financial statements comprising the financial report of a state, municipal or other governmental entity. . ." Another describes retirement system actuarial valuations as, ". . . a type of appraisal of a pension fund's assets vs. liabilities. . ." A version of each is published annually by nearly every U.S. public retirement system.

And yes, these two, 141 and 115 page documents, may promise dry reading, but they're valuable guides for those interested in the solidity of their retirement program, and who want to fact-check criticisms that pop up in the media.

So, what does our SDCERA CAFR and Valuation and Review say about the San Diego County retirement system?

Extrapolating from the charts, the Valuation reports that county retirees and beneficiaries numbered 19,706 on June 30, 2019, while total members totaled **(Continued on Page 7)**

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COMING HOME EVENT AT THE REGISTRAR OF VOTERS Tuesday, April 14th at 11:00 a.m.

County of San Diego Registrar of Voters
5600 Overland Avenue, San Diego, 92123
For more details see Page 3.

Planning to attend? RSVP online at:
www.resdc.net/events or call (619) 688-9229.



March Calendar of Events

- 12—(Thurs.) RESDC Board of Directors Meeting**
8825 Aero Drive, Suite 205, 9:30 a.m.
- 19—(Thurs.) SDCERA Board of Retirement Meeting**
2275 Rio Bonito Way, Suite 200, 9:00 a.m.
- 22—(Sun.) Theatre Outing To The Old Globe**
1363 Old Globe Way, San Diego, 92101, 2:00 p.m.
(Group tickets are SOLD OUT.)
- 31—(Tues.) Cesar Chavez Day**
RESDC and SDCERA offices closed for the holiday.



PENSION FACTS

Not All Retirees Bank on COLAs (But We Do)

By Chris Heiserman, Director



Fortunately, as members of the San Diego County Employees Retirement Association (SDCERA), we are part of that unique group. As most County retirees know, this is the Cost of Living Adjustment (COLA) season. The SDCERA Board votes in February to approve COLA rates effective April 1st. By now you know what increase will be added to your pension check and you are aware that the maximum COLA for Tiers I and II and Tier A retirees is 3% and for Tiers B, C and D members it's 2%.

You probably also remember that pre-retirement seminar where the concept of a COLA bank was explained. This program allows us to "bank" credit when the Consumer Price Index (CPI) is more than our maximum and reapplies that credit in future years when the CPI is lower. This is an imminently fair and reasonable benefit that many retirees elsewhere in California and around the country do not enjoy.

Let's think about COLAs in general. Bottom line is COLAs are intended to help your retirement benefits keep up with the rate of inflation in the economy. In most cases the COLA depends on two primary factors: the CPI for All Urban Consumers in a state or regional area published by the Bureau of Labor Statistics (BLS) and the COLA provision for retirees in the pension agreement for a state or local government employer.

In order to mitigate the effects of inflation on retirement income, public pension plans traditionally provided retirees with an annual COLA. Most were tied to the CPI but others were set up as a fixed rate, were approved on an ad hoc basis periodically, or were linked to a financial bench-mark (available if the pension fund reaches an investment objective). Before the stock market meltdown in 2009 about 75% of public defined benefit retirement plans provided automatic COLA increases, either CPI-linked or

at a fixed rate. The rest provided increases on a case by case basis or in line with some measurement of investment success.

The laudable goal of inflation protection for pension benefits has taken a significant hit in recent years; and the reduction or loss of COLAs can be especially problematic for the 25-30% of state and local government workers not covered by Social Security. In response to the fiscal crisis and recession after 2009, many public pension plan sponsors reduced, and sometimes eliminated COLAs, according to a 2014 report from the Center for Retirement Research at Boston College. Between 2010 and 2013, 17 states reduced, suspended or eliminated COLAs for current employees and sometimes for retirees.

From a plan sponsor's perspective, cutting COLAs when facing fiscal stress is an attractive option because it represents significant real dollar savings in projected liability for future benefits. In short, the retirement fund is immediately turning off funding for a benefit built in to the system's ongoing budget projections for all current and retired workers. This translates into far more savings than changes that would only affect newly hired employees.

The downside for retirees, however, is the value of their pension benefits are eroded every year as a result of inflation in the economy. The Center's report generated a model suggesting that eliminating a 2% COLA for a retirement plan could reduce lifetime benefits for retirees by 15-17%.

Reductions in COLA benefits by pension plan sponsors after the recession were accomplished in three ways: complete elimination of the COLA for the foreseeable future, reduction of the fixed amounts previously guaranteed, or lowering the established ceiling (cap) for CPI-linked COLAs. The report identified three states with troubled pension plans (New Jersey, Rhode Island and Oklahoma) that essentially erased the COLAs going forward with no expectation of reviving them in the next few years. Several states that had fixed COLAs of 2.5-3.5% compounded annually dropped the guarantee and tied future COLA rates to CPI changes and sometimes to the funded status of the pension plan as well.

Predictably legal challenges were mounted opposing these changes in pension benefits and it turns out that courts have generally viewed COLAs differently than the core benefits calculated for retiring workers. Of the 17 states that modified their COLAs, 12 were sued and the courts ultimately upheld the cuts. The main rationale from the courts for allowing the reductions was that workers had no vested contractual right to a specific COLA for life, especially when the long-term financial health of a retirement system could be in jeopardy.

COLA Comparisons

Social Security recipients and Federal retirees are receiving a 1.6% COLA adjustment for 2020. Federal annuitants in the Civil Service Retirement System (CSRS) received a 2.8% COLA in 2019; annuitants in the Federal Employees Retirement System (FERS) received a 2.0% COLA last year.

(Continued on Page 8)



COMING HOME!

YOU'RE INVITED! COMING HOME TO THE SAN DIEGO REGISTRAR OF VOTERS

When: Tuesday, April 14, 2020 at 11:00 am

Where: Registrar of Voters

5600 Overland Avenue, San Diego, CA 92123

Details: This is a **FREE** event. Attendance is on a first come first serve basis and limited to 90 attendees. RSVP is required: www.resdc.net/events or call (619) 688-9229.

Our annual “Coming Home” event invites Retired Employees of San Diego County to celebrate County sites. On April 14th, we invite you to join your fellow RESDC members in “coming home” to the Registrar of Voters!

Located at the County Operations Center in Kearny Mesa, The Registrar of Voters' (ROV) mission is to conduct voter registration and voting processes with the highest level of professional election standards, including accountability, security, and integrity, thereby earning and maintaining public confidence in the electoral process. The ROV is entrusted with providing the forum for all eligible citizens of San Diego County to exercise their right to actively participate in the democratic process.

Event Highlights:

11:00 am – Reception & light hors d'oeuvres and refreshments available

11:20 am – Welcoming Remarks by RESDC President Stan Coombs

11:25 am – ROV Overview/Presentation by **Michael Vu**, Director, Registrar of Voters

11:45 am – Guided Tours

Michael Vu has over 23 years of election experience. Before being appointed in December 2012 as the San Diego County Registrar of Voters, Mr. Vu served for over five years as the Assistant Registrar. He is responsible for election administration of one of the largest election jurisdictions in the country with a registered voter population of nearly 1.8 million. Mr. Vu oversees all primary, general, special, and district elections for the County as well as elections for the surrounding municipalities.

Before his appointment in San Diego County, Mr. Vu worked for three and a half years for the Cuyahoga County Board of Elections, Ohio, as Director. Prior to relocating to Ohio, he spent seven years working for the Salt Lake County Elections Division under the direction of the Salt Lake County Clerk.

Michael has worked tirelessly to improve the elections process and has been involved on both a local and national level to discuss the status of election administration. He has testified before the United States House Administration Committee and the United States Election Assistance Commission. He has also spoken with numerous international, national and local media outlets, most notably *The New York Times*, *CNN*, *TV Asahi*, *The Washington Post*, and *The BBC*. □



**Map to the Coming Home Event
at the Registrar of Voters,
5600 Overland Ave.,
San Diego, CA 92123**



BOARD MEMBER PROFILE BRUCE SILVA

Bruce joined RESDC a few months after retiring from San Diego County in 2016. He had been a Deputy District Attorney with the San Diego District Attorney's Office for nearly 30 years before retiring. During his time as a prosecutor, Bruce handled hundreds of criminal cases while assigned to many of the divisions in the office, including the Superior Court, Family Protection, North County, South Bay, Drug Court, and Economic Crimes Divisions. He spent the last 11 years of his career in the DA's Office in Economic Crimes prosecuting white collar criminal cases such as auto insurance fraud, identity theft, credit card and check fraud, and embezzlement.

Bruce has a BA in Political Science from Fordham University (New York) and Juris Doctor (JD) from the University of San Diego School of Law. Before joining the DA's Office in 1986 he was an attorney with a small private law firm that specialized in family law matters.

Since retiring, Bruce has become a volunteer at the Vista Public Library and has become involved in supporting the non-profit jazz radio station, KSDS Jazz 88.3, at San Diego City College. In addition, he has become a member of the Senior Volunteer Patrol at the Vista Sheriff's Department.

Bruce enjoys daily walks with the family dog, Ella, attending as many jazz concerts as possible, reading, cooking, and spending time with family and friends. He and his wife, Jane, who is a teacher in the Vista Unified School District, have been married for 22 years. Between them they have four children, the youngest of which is in her last year of high school. □

QUOTE OF THE MONTH

Why I like retirement?

Question: How many days in a week?

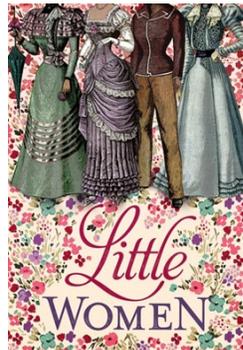
Answer: Six Saturdays, one Sunday.

**Daylight Savings Time
Begins March 8th!**



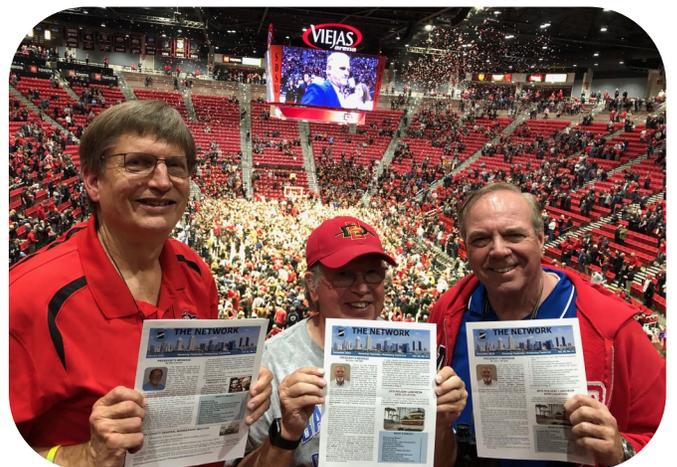
RECENT EVENTS

- ❖ **The 36th Annual San Diego County Economic Roundtable Recap.** The economic future of San Diego County looks bright with little chance of recession, but housing issues could slow growth, panelists said recently at an economic forum held at the University of San Diego. The roundtable is the longest-running, local economic forecasting event in the region. County Board of Supervisors Chairman Greg Cox gave the opening remarks and Chris Thornberg of Beacon Economics delivered the keynote address. For more information please visit:
❖ www.countynewscenter.com/roundtable-forecasts-2020-economy/ .
- ❖ **Report: Here's where most Americans are really getting their retirement income.** A new report finds that retirees that saved three sources of income were the best prepared for retirement—but a shockingly low number actually did. The National Institute on Retirement Security, known as the NIRS, recently analyzed a set of reports made over the past decade and found that savers shouldn't rely solely on one source of retirement income to support them in their golden years. To access the brief visit: www.nirsonline.org/ . □



RESDC THEATRE OUTING HAS SOLD OUT!

The theatre outing for Little Women has SOLD OUT. Due to limited availability for this event, registration is no longer available. If you missed out this time around, stay tuned for details about our next theatre outing later this year. □



RESDC members Eric Swanson, Tom Parry, and Jeff Swiney celebrate the Aztecs winning the Mountain West Championship in February with an 82-59 victory over New Mexico.

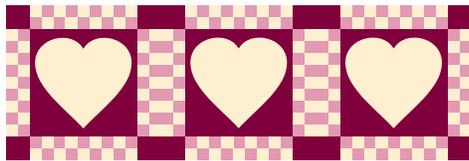


RECREATION CONNECTION IS NOW TICKETSATWORK

Recreation Connection is now TicketsatWork, the leading corporate travel and entertainment benefits provider. The perks you enjoyed with Recreation Connection have expanded to include:

- Unbeatable prices on over 250K hotels, with savings up to 60%.
- Big savings on movie tickets, concerts, sporting events, tours, attractions, and more.
- Exclusive offers on the most popular theme parks across the country.
- Plus, access to top brands in electronics, apparel, and other offers to help you through all stages of life.

Register today for immediate access to TicketsatWork. Simply provide your email address and company code and start saving. The company code for RESDC is "Retired". If you have any questions, please call TicketsatWork at 1-855-240-7404. Explore: <https://www.ticketsatwork.com/tickets/> today. □



BITS AND PIECES

Lola Calabrese retired in 1980 from Juvenile Probation. She and her husband recently celebrated their 70th wedding anniversary. In November, Lola had her 95th birthday and her husband turned 100! They have traveled all over the world and have enjoyed a marriage full of dancing. They even danced on The Great Wall of China.

Fran Powers is a retiree from the County Library System. Last month Fran celebrated her 88th birthday! She and her husband also celebrated their 65th wedding anniversary in February.

Last December, **Richard Athan** spent 12 days in Egypt. He traveled to Cairo, Giza, Saqqara, Luxor, Alexandria, and Dendara. The highlight of the trip was a hot air balloon flight at sunrise over the Valley of the Kings. Richard retired from Social Services in 1992.

Last Fall, **John Jurgens** and his wife, Lisa, embarked on a seven week road trip from their home in North Idaho to Acadia National Park in Maine. They towed their travel trailer (their deluxe B and B) over 8500 miles and visited 24 states. Along the way, they caught up with friends and family. John retired from Probation in 1998. □



USEFUL CONTACTS FOR COUNTY RETIREES

SDCERA Administration

- Retirement checks
- Withholding forms
- IRS tax forms
- Beneficiary change
- Address change
- Retirement Board meetings

Phone: (619) 515-6800 or (888) 473-2372

Website: www.sdcera.org

Email: msc@sdcera.org

Address: 2275 Rio Bonito Way #100, San Diego, 92108

SDCERA Health Plan Services

Phone: (866) 751-0256

Board of Retirement Members Elected by SDCERA Retired Members

- Skip Murphy smurphy@sdcera.org
- Alternate—Susan Mallett smallett@sdcera.org

RESDC Administration

- Membership
- Address/email change
- *THE NETWORK* Editor
- Board of Directors
- Events
- Scholarship programs
- Discounts

Phone: (619) 688-9229 or (866) 688-9229

Website: www.resdc.net

Email: resdc@resdc.net

Address: 8825 Aero Dr., #205, San Diego, 92123

RESDC Endorsed Insurance and Other Supplemental Benefits

- Pacific Group Agencies, Inc.
Phone: (800) 511-9065
- My Senior Health Plan
Phone: (800) 401-2796

San Diego County District Attorney's Office

- Elder Abuse
Phone: (800) 510-2020 or call 9-1-1

San Diego County Aging & Independence Services

Phone: (800) 339-4661 □



RESDC MEMBER RESCUED BEAGLES By Charles Morgan, RESDC Board Member

A remarkable journey started several years after I retired from the County when my wife, Myrtha, and I adopted a beagle puppy. It is perhaps not generally known that beagles were for years a favorite subject for medical laboratories. However, a huge and determined effort began in the United States to stop and eliminate the use of cats and dogs, especially beagles, in medical research.

Around 2007 a surge of available laboratory beagles became available for adoption to the general public. Because of our interest in the breed, we became involved in the campaign to free these beagles from laboratories and get them adopted.

We worked with the Beagle Freedom Project and Second Chance Dog Rescue and eventually founded our own organization, **THE REGAL BEAGLES OF SAN DIEGO** (www.regalbeaglesofsandiego.org), which is a social club as well as an organization that assists those who want to find and adopt a beagle.

Finding beagles for adoption these days continues to be difficult here in San Diego. The Humane Society, in their effort to eradicate homeless pets involved themselves in massive sterilization of dogs, including beagles. This has contributed to the scarcity of this breed here in California. However, our club strives to help those interested in adopting beagles, referring them to out of state organizations and, on occasion, breeders in other states when they approach our organization for information.

Our club meets the first Saturday of the month at a local dog park. For more information, visit our website.

Photo: Charles Morgan, his wife, Myrtha, and beagles, April-Iris, Libby-Ann, and Lady-Emma.

[NOTE: If other RESDC members would like to share a favorite hobby or activity they enjoy in retirement in THE NETWORK, they are welcome to provide it for consideration.] □



SAVE THE DATE! GENERAL MEMBERSHIP MEETING

When: Tuesday, May 12, 2020
Time: Beverages and light refreshments will be available at 9:30 am.
Speakers will begin at 10:00 am.
Place: San Diego Workforce Partnership,
9246 Lightwave Ave, 1st floor meeting room, San Diego, CA 92123

Our program will include presentations from two great RESDC partners, **County Employees Charitable Organization (CECO)** and **Larisa Wilmert of Lopez & Wilmert, LLP**.

The San Diego County Employees' Charitable Organization (CECO) was founded in 1956 and is the charitable arm of the County of San Diego. They support local non-profit agencies that strive to implement programs to meet the needs of our diverse communities so that San Diego is a safe and livable community where all of its residents can thrive.

Larisa Wilmert will speak about the benefits of a living trust estate plan. Estate planning is not just for the people you will one day leave behind, but is also to make sure that if you are ever unable to make decisions for yourself, the people whom you designate to take care of you have the legal authority to do so without long and expensive court proceedings.

RSVP requested but not required. Please visit: www.resdc.net/events or call 619-688-9229. □



**March 20th
is the first day of Spring!**

President’s Message (Continued from Page 1)

44,030, continuing a gentle but insistent upward climb. And annual retirement benefits, it says, averaged \$37,308, up 3.5% since the year before.

The SDCERA CAFR says that the San Diego County Retirement System increased its financial assets last year. The system received more than it spent. Sounds good. On the income side, the system received \$1.367 billion, mostly from county funding, employee contributions and investment earnings. On the expenditure side, the system paid out a total of \$773.4 million in pensions and death benefits, health benefits, refunded contributions and administrative costs. That apparently leaves us \$593.6 million to the good.

The total retirement fund, or “Net Assets,” as termed in the CAFR, was listed at \$12.882 billion on June 30, 2019, although more recent reports have it as high as \$13.9 billion last December.

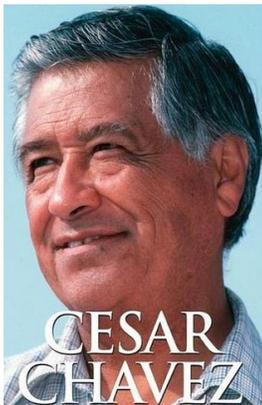
So, we’re in good shape, right? Mostly, but there’s more to the story. Although the CAFR reports a net asset gain year over year, we’re not quite where we wanted to be, principally because those investment earnings didn’t quite reach expectations, coming in at 5.5% instead of the expected 7.25% assumed rate of return, and that pesky assumption rate had to be reduced last year.

Both factors, and others, increased the unfunded liability of the system, decreasing the funded level slightly. Accordingly, the CAFR reports the unfunded liability rising to a bit over \$4 billion, and the funded level of the system dropping to 76.3% of the funds needed to pay off all pension obligations, from last year’s 78.4%.

That’s going in the wrong direction, even though the new 76.3% funded level is well above the 72.7% median funded level of public retirement systems across the nation, reported by the National Association of State Retirement Administrators.

And with all that said it’s only fair to quote SDCERA’s CAFR, which points out that “SDCERA’s net investment return for the three, five and ten year periods ended June 30 was 8.4%, 5.6% and 8.8% respectively.” And to note that returns over the last ten years averaged 8.9%, better than assumption rate expectations during that period. □

**CESAR CHAVEZ DAY
TUESDAY, MARCH 31, 2020**



Cesar Chavez Day is a state holiday in California and several other states. The day is commemorated to promote service to the community in honor of Cesar Chavez’s life and work. The holiday celebrates the March 31 birthday and the legacy of the civil rights and labor movement activist Cesar Chavez each year. The RESDC and SDCERA offices will be closed on Tuesday, March 31 in honor of Cesar Chavez Day. □

ASSOCIATION OFFICERS
President.....Stan Coombs
1st Vice Pres.....Chris Heiserman
2nd Vice Pres....Janel Pehau
Secretary.....Carlos Gonzalez
Treasurer.....Frank Bittner

ASSOCIATION DIRECTORS
Leila Attar, Chuck Brown,
Charles Morgan, Merrill Roach
George Shoemaker, Bruce Silva

IMMEDIATE PAST PRESIDENT
John J. McTighe

EXECUTIVE DIRECTOR
Mark Nanzer

OFFICE STAFF....Marge Elmendorf
.....Karen Hazel
.....Andrew Steele

NETWORK EDITOR....Karen Hazel

RESDC Office Email Address:
resdc@resdc.net



WELCOME NEW MEMBERS

- Jacquelyn Collins-Neal
- Lori L. Freitas
- Linda A. Holt*
- Scott E. Johnson
- Alma A. Machado
- Julie L. McCawley-Self
- Patricia C. Steed
- Flora P. Tingzon
- Jinling G. Wong*
- Communications Office
- Health & Human Services
- Human Resources
- General Services
- Superior Court
- Probation
- Mental Health
- Probation

***Associate Members**

The surviving spouse of a member is eligible for RESDC membership. For enrollment assistance, please call: (866) 688-9229. □





Office Hours: 9 a.m. to 2 p.m. Monday through Friday.

Telephone: (866) 688-9229 Toll Free

Fax: (619) 688-0766

Email: resdc@resdc.net

Website: www.resdc.net

 @RetiredEmployeesofSanDiegoCounty
 @RESDC

THE NETWORK is the official monthly newsletter of the Retired Employees of San Diego County, Inc. (RESDC), a private non-profit organization.

Business and Inquiries: Business matters and address changes may be recorded on the office voice mail at any time, call (866) 688-9229. Please spell your last name so the correct member record can be located.

The information printed in *THE NETWORK* is believed to be from reliable sources. However, no responsibility is assumed by *THE NETWORK* for inaccuracies contained herein.

Retired Employees of San Diego County, Inc.
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San Diego, CA 92123

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Pension Facts (Continued from Page 2)

Most California state retirees and school retirees contract for a 2% COLA, and public agencies (cities, counties, special districts in CalPERS) can also contract for a 3, 4 or 5% COLA provision.

City of San Diego retirees in the San Diego City Employees' Retirement System (SDCERS) are eligible for a maximum COLA of 2% each July 1st. SDCERS retirees receive a COLA increase or decrease based on the CPI; however, SDCERS also offers a COLA bank provision which credits or debits retiree accounts when the CPI fluctuates. SDCERS retirees hired before 2005 with at least 10 years of service are also eligible for an Annual Supplemental Benefit ("13th check") paid from trust fund assets in qualified years. □

SAVE THE DATE! RESDC DAY AT THE PADRES

**Cleveland Indians vs.
San Diego Padres**
Wednesday, June 24, 2020, 12:40 pm

Stayed tuned to future *NETWORKs* for detailed ticket and game information! □



RESDC SCHOLARSHIP DEADLINE REMINDER

By Carlos Gonzalez, Scholarship Committee Chair



We want to remind our members that the deadline for students to submit scholarship applications is Monday, March 2, 2020; applications postmarked after this date will not be considered. Final results will be communicated directly to individual participants at the beginning of June. Be sure to remind your graduating high school scholarship applicants to have their applications

into the RESDC office by March 2! □

PENSION FACTS AT A GLANCE

7.0%

Last spring the SDCERA Board approved changes to the retirement plan's actuarial assumptions, including reducing the investment return assumption rate from 7.25% to 7.00%.